

TEWKSBURY

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Tewksbury, Massachusetts

Competition could be on the horizon

Selectmen open talks with RCN

FRONT PAGE

BY MARK NICHOLS
STAFF WRITER

Competition could be a good thing. That's why selectmen invited RCN Cable to visit and discuss what it might offer to the town.

The wheels of discontent have been running for a few years. Residents have constantly complained about poor service and high costs by current cable provider MediaOne. That led Selectman Joseph Gill to call RCN cable.

Though it took him a number of phone calls, he was finally able to contact George Duffy, RCN vice president for franchising and development. That discussion led to the invitation to make a pitch to Tewksbury selectmen.

"When we renegotiated the

'When it comes to communities such as yourself, we have to get on poles like everyone else.'

GEORGE DUFFY,
RCN VICE PRESIDENT

cable contract, we entered in good faith," said Gill. "I do not know if RCN is any better than MediaOne. Frankly, I do not care. Competition is a great umpire."

Selectman John Ryan agreed with that statement. He was not prepared to just invite RCN to come to Tewksbury.

"If I were to invite you to

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RCN looking to increase customer base

■ CABLE, FROM PAGE 1

come into this town, I would have to make sure you provide good service," said Ryan.

Gill said the town has five years left on its current contract with MediaOne. Gill said the town could send out a request for proposals (RFP) to seek a competitor in Tewksbury for MediaOne.

That has not happened.

That is no longer an exclusive contract. The federal Telecommunications Act of 1996 opened the door to competition.

Duffy said RCN has a 100 year history in the telecommunications industry. Five years ago, it moved into the cable business. The company joined with Boston Edison Telecommunications when it sought to join the Boston market.

"A couple of years ago, RCN came to us about cable television. At the same time, deregulation came. Two forces gave us the opportunity to go in a direction we had not thought about before," said Boston Edison Vice

President John Connor.

He told selectmen Boston Edison has a foothold in Massachusetts. It is looking to increase that foothold to 2 million customers by next year.

RCN serves Newton, Boston, Somerville, Arlington, and Waltham. It decided to compete in the Northeast corridor because of the density of the regions' telecommunications market.

Connor told the board with RCN customers will not need a converter box unless they want pay per view channels. The company also provides high speed Internet access and free installations.

"When it comes to communities such as yourself, we have to get on poles like everyone else," said Duffy.

If an RFP were to be written to open up the Tewksbury cable market to competition, then RCN could apply.

Both MediaOne and RCN offer most of the same channels. There are some exceptions.

MediaOne has New England

Cable News in its lineup, while RCN does not. MediaOne provides 99 channels while RCN has 101. The additional two channels are for local access. MediaOne has three access channels, while RCN has four and a reserved channel that is unspecified.

The two companies provide different packages that make comparisons difficult.

RCN offers HBO, HBO2, HBO3, HBO West, HBO Family, Cinemax, and MoreMax for \$18.95 per month. MediaOne offers HBO and HBO Plus, HBO Signature, STARZ! and Encore for \$18.95 per month.

An additional \$5 gets a customer Starz! and Encore along with the HBO/MaxPak, from RCN. RCN also provides premium channel packages that include Showtime, the Movie Channel, and Encore.

The most expensive lineup on RCN is all the HBO and Cinemax channels with Starz!, Encore, Showtime, and the Movie Channel for \$33.95.

80 Channels In Basic Package

RCN Granted Provisional Cable License

By MARILYN JACKSON

By the end of the year 2000, Quincy will have a second provider not only for cable but for telephone and high-speed Internet access as well.

"Competition will affect [prices] and keep prices under control, particularly for seniors and those on fixed incomes," said Mayor James Sheets who formally issued a provisional license to RCN Tuesday.

He said he hopes a final license could be issued by June, at which time RCN would begin wiring the city.

Thomas K. Steel, vice president of municipal relations for RCN, said the work in Quincy represents approximately a \$20 million investment.

For subscribers, RCN will offer in its basic package about 80 channels which will be available without a converter on cable-ready television sets for about \$28 a month, said Steel.

One of those channels will be a foreign language channel, and in Quincy, RCN would include the Jade Channel which would appeal to Quincy's large Asian community, said Steel. There will be about 30 other

channels available for an extra fee.

In addition, local telephone service will be offered at a 5 percent discount from Bell Atlantic rates; subscribers who buy both cable and telephone service would get a bigger discount on the cable service, he said.

Rates for high-speed Internet access, which already is extremely competitive, have not yet been set, he added.

Citizens who have a demonstrated financial need — such as those receiving SSI, fuel assistance, certain veterans' benefits, Medicare — or those over 65 could receive a \$2 monthly discount on the basic package.

RCN, of which BeCom or Boston Edison is a minority partner, was the only bidder for a second license. MediaOne and its predecessors have held a cable franchise in Quincy for several years and secured a 10-year non-exclusive agreement two years ago.

For the past three years, MediaOne has been upgrading its cable network in the Northeast at a cost of \$1 billion, according to Rick Jenkinson, director of com-

munications. The work in Quincy is expected to be completed during the second quarter of this year, at which time it will be able to offer MediaOne Express or high-speed Internet access and MediaOne digital telephone service.

Jenkinson said that MediaOne also has spent about \$250,000 for 500 new outlets in 17 Quincy buildings, in addition to what was agreed upon in its original license.

RCN, which is headquartered in New Jersey, has been aggressively marketing its services in the Greater Boston area for the past two years. Quincy marks the 11th community with which RCN has obtained license agreements.

The first system was built in Somerville and in full operation, said John Conroy Jr., manager of Boston Edison's government affairs. Arlington is

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nearly built, and wiring is under way in Waltham, Newton and Brookline, he said.

Councillor-at-large Paul Harold, chairman of the city's oversight committee, said Quincy has been looking into having a second provider for the past year-and-a-half but did not want to be the first municipality. "We are benefiting from the experience of Somerville," he said.

"Quincy is attractive in terms of the percentage of subscribers and the number of those who take the second and third tier of services," said Harold.

Steel said there are more than 30,000 homes passed in Quincy, with about 25,000 cable subscribers.

According to RCN projections, about 1,200 residential subscribers would sign up for cable while about 12,300 will have signed up by the then year.

"To be competitive, we need to reach between 33 and 35 percent of the homes we pass to make a significant profit," said Steel. "What's different is that we're offering a bundle of services."

"This is not easy, which is why it has not been done already," Steel said. The passage of the Telecommunications Act allowed other

providers, like RCN, to offer these other services, added Conroy.

"The consumers in the city of Quincy will be getting a choice," added Ward 2 Councillor Daniel Raymond. "We have a tremendous number of seniors, and many are on a fixed income." This will be beneficial, he said.

Sheets vowed to simplify for the citizens what the various packages of services offer, "to summarize what's available in a clear-cut, informative way to help them make a decision."

He said the information would be enclosed with tax bills.

Benefits also will accrue to the city. RCN has pledged 5 percent of its gross revenues, plus a minimum of \$300,000 in equipment over the life of the contract.

By comparison, MediaOne pledges 4.25 percent of its gross revenue for local programming, which is about \$300,000. Those funds are earmarked for public access and are shared with the schools, the library and the mayor's office.

While Raymond nudged RCN officials to consider opening a customer service office on lower Washington Street, between the Fore River Bridge and Southern Artery, Sheets suggested

that RCN work with Quincy 2000, the city's public-private partnership, to find a suitable location.

Steel said RCN would need a site, ideally in the center, to house all the electronics of the system.

What's unique in the provisional license, added attorney Howard Horton, who served as special counsel to the city to negotiate the license, is that RCN is willing to build an institutional network linking the schools and municipal buildings. If the mayor so chooses, the \$300,000 worth of equipment promised during the license would be reduced to \$100,000 worth.

"There is a way to provide via the Internet a virtual private network without using a physically constructed network," said Horton. "It hasn't been tested, but RCN is willing to

spend \$50,000 in goods and services to do the test" without reducing the \$300,000 pledge, he said.

At the appropriate time, a hotline will be opened to answer various questions to potential subscribers. Sheets added it would be a good idea to have someone at the Council on Aging be fully conversant about the various cable services too to help seniors.

CABLE

FROM PAGE 1

ing under a temporary license that expires at the end of this month.

While Cablevision provides exclusively cable television services, RCN offers a spectrum of telecommunications services, including cable television, phone and Internet services. The New Jersey-based corporation recently purchased Internet Service Provider UltraNet. With the purchase, RCN became the largest ISP in the Northeast region.

RCN boasts itself as a conqueror of telecommunication giants, a company that will serve its customers fairly, promptly and with good services. The company's Web site features an in-uniform huckle boy blowing a horn while the American flag waves in the background. Its 1997 annual report had the famous photo of Germans tearing down the Berlin Wall. Cleverly hidden within the graffiti are "Nynex."

"Cablevision" and "Bell Atlantic." Framingham has not had an exclusive contract with Cablevision, but competitors have stayed away because start-up costs for newcomers are too high, said David Green, a Cablevision representative who has worked closely with the Framingham contract talks. Greene said when a cable company already exists in a market, a new company would have too difficult a time generating enough revenue to make profit. However, with companies such as RCN offering phone and Internet service in addition to cable television, there is a better opportunity for profit.

Contract talks between Framingham and Cablevision have dragged on past the expiration of their original license, and the company has had to apply for a series of temporary licenses while talks have been ongoing. Green said a final contract has been held up because Cablevision did not want to make so large a financial commitment to the town that it greatly affected cable rates. But toward the end of 1998, the town's Cable Advisory Board and Cablevision began to make headway in the negotiations.

With Cablevision's contract

still impending, the company could not address the specifics of the contract, but did speak of the general changes they plan to make in Framingham.

Green said the company has agreed to increase its commitment to the schools. The high school's outdated cable television studio will be upgraded with new equipment. The high school broadcasts shows from the studio, but would be able to do more with a new system.

Cablevision has also agreed to work with the development of school curriculum geared toward the cable and Internet use.

RCN will contribute 5 percent of its total annual earnings from its cable television service to Framingham. It will also lay a fiber-optic network between all of Framingham's municipal buildings. The town can use the system for a multitude of purposes, ranging from the high-speed data transfer, an internal phone system on Internet use.

But Cablevision feels it can offer more to Framingham.

"If we want to work with a community, we want to drop off more than just a check," said Green, implying that Cablevision plans to make itself visible to Framingham.

Cablevision charges a basic rate of \$30.90 per month for 62 channels. The cost of premium channels are added to the basic rate.

RCN charges \$27.95 per month for a basic cable package of 80 channels. The company does not use cable converter boxes because it does not scramble its system. Anyone with a cable-ready television can hook up the system. They also offer a \$3 a month discount on the cable bill, but officials are uncertain whether Framingham will be offered the same rates.

With RCN slated to enter the market, the two companies will soon compete for new customers and as well as existing ones. Green said Cablevision has made improvements in its service to offer a higher quality product to its 18,000 Framingham customers.

Green said customers calling for service now have to wait less than 30 seconds to speak with a representative. The company has



Cable viewers will have two companies to choose from later this year, when newcomer Residential Communication Network begins competing directly against Cablevision.

also instituted an on-time guarantee for its technicians coming out to perform service. Green said if the technician fails to show up at the preset time, the customer will receive \$20 or a free month of cable service, whichever number ends up higher.

The upstart RCN will offer a number of services once it throws the switch in Framingham later this year. Tom Steele, who helped hammer out the company's new 10-year contract with Framingham, said he is uncertain when the system will be ready in 1999. When it is, residents will be able to get a lot more than just cable television from RCN. Local and long-distance telephone as well as Internet service will also be offered. Residents can choose any one of the services or can choose a package deal. The system will run off a state-of-the-art fiber-optic system that can provide all the services through cable.

To counter RCN, Cablevision has plans to offer Internet service, but Green said the new system may not be ready for another two years.

"Framingham has always been high on our priorities," said Steele, citing the town's thickly

settled areas, multidwelling units and commercial property as what made Framingham a town that could yield RCN a strong return on its investment.

The newcomer already offers its services in more than 10 communities in the Boston area, including Boston, Somerville, Arlington and Newton. However, Framingham is the first community where RCN will compete directly with Cablevision.

To date, RCN has made a splash in at least one Massachusetts cable market. Upon the newcomer's arrival in Somerville, Time-Warner announced it would not apply its 10 percent rate increase to Somerville customers.

Steele said once RCN begins to offer service in Framingham, it will build out its system in phases. Under the new contract, RCN has to build its system to offer cable television service to all Framingham residents.

"We're building a system from scratch that uses the latest technology," said Steele, which he added gives RCN a technical advantage over its competitors that have to upgrade existing systems to improve their product. Steele estimates that RCN will

spend between \$15 million-\$20 million to establish its new Framingham system. Cablevision plans to spend about \$8 million on its new system.

The impact cable competition has in Framingham will not be known until the two companies begin to vie for customers.

"It's going to be a competitive marketplace," said Green, who expects his company to advertise aggressively in the coming months.

Steele said RCN's goal with Framingham is not only to attract first-time cable users, but also convince Cablevision users to switch to RCN.

But neither Cablevision or RCN may be the real winners in the competition.

"I've always believed that competition is a good thing," said Chris Petrim, Board of Selectmen chairman. Selectmen are the authority that grants cable licenses. He said Cablevision probably would not have been as responsive in its negotiations if RCN had not been in the picture.

Steele agreed that the competition will be good for the cable customers.

"I think it all benefits the consumers," said Steele.

The Barnstable Patriot

January 14, 1999

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RCN has its official invitation

The Town of Barnstable has authorized the granting of a provisional license to RCN (Residential Consumer Network) to provide cable and an array of telecommunications services to its residents.

That's good news.

EDITORIAL

The license, which will be signed before April 1, allows RCN to move forward with permitting and all other requirements for constructing a new cable system within the town.

For Cable Advisory Committee Chairman David Cole, this is a position he wanted the town to be in for some time. Cole's involvement with cable issues in Barnstable dates back to the inception of the system in 1972 under Cablevision when the channel line up ranged from 2 to 13.

"It's gratifying that through the efforts of the cable advisory committee the prospect of real competition is here," Cole said this week. "It's been a long time coming."

Cole sees competition as the key to lower rates, more programming choices, better service and more attention being paid to the needs of the town.

Barnstable is still tying up the final ends of its renewal license for MediaOne, which Assistant Town Manager Mary Jacobs characterized as a good contract with many things other municipalities just don't have.

Nice work. And from all the cable subscribers in town, thanks.



Cable competition wins high praise

FRONT PAGE

Somerville's experience repeated here?

By CHRISTOPHER IACONO

WAKEFIELD — RCN's well-received performance in Somerville may be great news for cable consumers in Wakefield.

Since Somerville became the first community in the Commonwealth to bring RCN in as a competing cable service against Time Warner in July 1998, the results, for the most part, have been positive.

Or, as Paul Trane, a consultant for the Telecommunications Insight Group, puts it, "The story in Somerville is tell-tale to what happens when competition exists." The Somerville-based firm negotiated the contract

between RCN and the City of Somerville.

"At the end of every year, the cable companies usually announce their rate increases for the upcoming year," Trane said. "In December 1997, when it was announced that RCN

would be coming into Somerville, Time Warner — because of threat of competition — raised their rates everywhere except Somerville in 1998. In July 1998, when RCN started

offering cable services, Time Warner actually reduced their rates. Then Time Warner again froze the rates again in 1999. It proves that competition does work."

"The story in Somerville is tell-tale to what happens when competition exists."

—Paul Trane, cable consultant

● Cable

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Between 2,000 to 2,500 of the approximately 19,000 cable customers in Somerville (about 10-13 percent) have switched from Time Warner to RCN, according to Trane. A number of these customers have also purchased "bundled services" — local and long-distance telephone, cable and Internet services — from RCN, according to Trane.

However, RCN has yet to reach their goal, but Trane said he believes that it will get there. According to Trane, RCN's goal is to get between 30-40 percent of the Somerville cable market within five years.

What about customer service?

According to Alison Mills, the former Director of Communications for the City of Somerville, RCN experienced "some difficulties" with customer service at first. However, before Mills left her post in January to work for U.S. Rep. (and former Mayor) Michael Capuano, she noticed

that customer service for both companies was improving.

"Overall, once both systems were in place, complaints decreased and overall customer service was better," she said. "Time Warner, in response to competition, became a better company."

Mills said prior to RCN's arrival in the city, many cable customers complained that rates were too high, but now they have stabilized.

Also, Mills said people feel better about the fact they have a choice between cable companies. "If you do not have a choice, and if you have a problem, there are no alternatives," she noted.

Two areas that Time Warner is not competing with RCN, right now, are phone and Internet services.

Later this year, Time Warner will be swapping its eastern Mass. systems — including systems in Wakefield and

Somerville — with MediaOne, and is expected to offer phone and Internet services to both communities.

Even though RCN is not competing with Time Warner in that area, it is competing with Bell Atlantic. According to Trane, even though RCN's telephone and Internet rates are about five percent cheaper than Bell Atlantic's, consumers are hesitant about switching to a new phone company.

Things may change, however, once Bell Atlantic starts competing with RCN in the Somerville cable market later this year.

On March 8, the Wakefield Board of Selectmen granted a full cable license to RCN. However, RCN still has not yet received permits from the Municipal Gas and Light Department to start wiring up the town. Once RCN receives all the required permits, they have 18 months to build their system.



The
Salem

EVENING NEWS

Beverly
Edition

Bringing the North Shore Together

Salem, Massachusetts

Wednesday, March 17, 1999

Cablevision announces plans for upgrade in service

By **FRANCI A. RICHARDSON**
News staff

PEABODY — If residents lose cable service temporarily after the beginning of May, it's probably not because they didn't pay their bills.

Cablevision announced plans yesterday to begin construction of a better, stronger, faster communications network that will offer residents 20 new cable channels and the opportunity to subscribe to telephone and Internet services. The upgrade should be completed in the fall.

During that process, however, residents may lose service for a day when technicians replace the old wires with the new ones.

"We're going to be doing it neighborhood by neighborhood," said Jay Somers, director of gov-

ernment affairs for Cablevision.

Cablevision has been criticized by the city's Cable Advisory Committee for charging inflated rates for outdated services. The city is currently entertaining a bid from RCN to provide cable service in Peabody.

Somers said the upgrade may be accompanied by a cost increase, but it's too early to tell.

At his press conference yesterday, Mayor Peter Torigian touted Cablevision's efforts to bring their services into the 21st century.

"It's due. And with the changing technology, it's important to have the opportunity to provide for our citizens cable, Internet and telephone services," Torigian said. "We look forward to working with Cablevision to minimize any inconvenience the

construction may create for the people of Peabody."

The worst inconvenience, said Somers, will be the interruption in service, which won't last more than a day. And it will be worth it. The new service will provide residents with better picture quality, better service from Cablevision and new channels that include CNBC, the food network and the golf channel.

"We know the golf channel will be a big one in Peabody because it's building its own golf course," Somers said.

Torigian asked an agreeable Somers to provide City Hall with the itinerary Cablevision will use to complete the upgrade. Somers said residents will be sent letters 30 days before their service is interrupted, and they will also receive leaflets 24 hours in advance.

RCN, town closing in on deal

FRONT PAGE

BY ADRIANA BOBINCHOCK
CITIZEN-HERALD STAFF WRITER

The Belmont Cable Advisory Committee and Residential Communications Network, Inc., of Boston (RCN) have moved a step closer to bringing cable competition to Belmont.

During its meeting Tuesday night at Chenery Middle School, members of the advisory committee went over a draft of an agreement between the town and RCN.

Before a final deal can be made, however, a few minor details need to be worked out between the committee, the Municipal Light Department, the Management Information Committee and RCN.

According to Dick Norris, the cable committee's chair, a final draft could be presented to the Board of Selectmen within a few weeks.

"Hopefully we can get this to the selectmen in about six weeks," said Norris. "We have some minor things to work out, but we're on the same page."

During the meeting only two glitches in the plan were discussed. Instead of using above ground pedestals to house the junctions that pass the service from house to house, the committee has asked that RCN use underground vaults, so that people would not be able to see them. The committee also wants RCN to locate any active pedestals behind

shrubbery in order to minimize their visual impact.

This request, according to Joe Nolan, a representative of RCN, didn't seem unreasonable.

"I believe it would be all right," he said.

Before anything is agreed upon, however, the request has to be cleared by RCN management.

The other issue that was raised during the meeting was that of a senior discount. Cablevision does not currently offer a discount, but a Cablevision representative who was at the meeting said the company would certainly look into it if RCN decided to offer one.

According to Norris, RCN is currently offering a \$2 discount off the basic package to all seniors who are in need.

According to Nolan the basic service costs \$25, while Cablevision's basic service is \$30. Figure in the \$2 discount, and the seniors could receive a \$7 cut from what they pay with Cablevision currently.

"That's 20 percent cheaper than Cablevision," said Nolan.

Norris said his idea is to narrow the number of seniors who would get the discount in hopes of talking RCN into a greater reduction.

"If we can focus on those in need, you can get a more significant discount," said Norris.

■ SEE **CABLE**, PAGE 14

Town-RCN deal imminent

■ **CABLE**, FROM PAGE 1

"At least then you know the people who really need it are getting it."

Norris said the way it would work is if seniors qualify for other services, such as subsidized housing or tax abatements, then they would automatically qualify for the cable discount.

Since 23 percent of Belmont's residents are seniors, Norris said the discount is important. He also said he doesn't want to put a dollar figure on the discount, but would rather put in a percentage. The committee agreed upon 10 percent.

"I prefer the percentage because over time, rates go up and I think the discount should also go up,"

said Norris.

Norris said before anything is finalized, he would meet with Ben Adler of the Council on Aging to find out how many seniors would qualify.

Nolan said he too would like to see the data, but said he didn't think the 10 percent discount would ruin the deal.

"We'd like to see the population, but I don't think it will be a problem," said Nolan.

RCN, which currently serves Arlington and Watertown, has been trying to work out a deal with Belmont for more than a year. The company hopes to infiltrate the town and woo some of the 6,000 current Cablevision subscribers.

The Enterprise

BROCKTON, MASSACHUSETTS

Thursday, April 1, 1999

Cable competition closer

■ During a hearing, several Bridgewater officials speak in favor of allowing RCN to have a cable license.

By Patricia Jillson
ENTERPRISE CORRESPONDENT

BRIDGEWATER — Cable competition came one step closer to fruition Wednesday night as town and industry professionals discussed programming and service options offered by Pennsylvania-based Residential Communications Network.

With RCN as the only company that came forward to take up the Board of Selectmen's offer to welcome a second cable service provider into town, the public hearing convened on Wednesday was little more than a legal formality.

Already the competition committee and the Board of Selectmen appear to be leaning toward offering RCN a cable license; a recommendation from the competition committee is expected in the selectmen's office within a matter of weeks, said committee vice chairperson Nicholas Palmieri.

"We were attracted to RCN based on their bundling concept — cable TV, Internet and telephone service packaged together," said Herb Lemon, chairman of the appointed Bridgewater Cable Competition Committee. Although each component would also be available separately, bundling the aforementioned services could save consumers money.

With or without competition, towns cannot regulate cable television rates but competition can

help by driving down fees and improving services as cable providers vie for viewers' subscriptions.

"I believe strongly in cable competition and I am looking forward to your recommendation. I think we should offer a second license in Bridgewater," said Selectman Roger Provost, addressing the competition committee.

The Board of Selectmen established the competition committee last year, after the Bridgewater Cable TV Advisory Committee completed its task of making recommendations to the board regarding the then-expiring cable license issued to Time Warner. During the renewal review process more than one-quarter of respondents to a town-initiated consumer survey listed escalating rates and the lack of cable community competition among their greatest cable concerns.

Taking advantage of RCN's cable, Internet and telephone service components would cost consumers \$102, said Thomas Steel, the vice president of RCN. Individually its phone service would ring in at 5 percent less than Bell Atlantic and basic 80-channel cable coupled with phone service only would cost approximately \$28 — a savings of \$3 of the stand-alone cable rate, said John Conroy, who works for RCN's partner Boston Edison Company.

Until relinquishing its control at midnight on Wednesday, the Federal Communications Commission regulated all tier one advanced basic cable coverage. Designed to simulate a competitive environment, neither the FCC regulation nor its removal will affect RCN policies or offerings because with the service provider's anticipated expansion into Bridgewater it is well prepared to enter into a competitive environment, said Steel.

Competition seen as key to keeping rising cable rates in check

CABLE TV, From A1
enjoyed near-monopoly status.

"The key to making deregulation work is competition, that's truly where our focus is going to be," said Gene Sullivan, a state Department of Telecommunications and Energy commissioner who oversees the cable industry. "There is competition, but we have a long way to go."

Sullivan said that cable "rates will be at a minimum stable" in the short term, a prediction echoed by several spokesmen for cable companies serving MetroWest communities.

"There is not going to be any impact on rates with the sunset of deregulation at this point," said David Green, the director of community and public affairs for Cablevision, which serves Framingham, Sudbury and six other towns in the region.

"I think rates are going to remain pretty much in check," added Rick Jenkinson, director of communications for MediaOne, which serves nine communities in MetroWest, including Natick, Milford and Marlborough.

But skeptics abound.

"My basic concern is we're deregulating a monopoly," said Gerald Oppenheim, an attorney with the Boston-based non-profit National Consumer Law Center. "We did it with pay phones, and the rate went from 10 cents to 35 cents."

Indeed, even in a regulated market, cable rates have marched steadily upward, rising an average of almost 5 percent earlier this year.

New horizons

In Framingham, the cost of receiving local stations, public access and "family cable" programming is now \$29.62 per month, excluding franchise fees, equipment charges and other levies.

Cablevision subscribers who get the "Rainbow Gold" package in Framingham, which includes three HBO stations, the Golf Channel and other premium offerings, wind up paying about \$60 for their monthly cable bill. Cablevision currently has some 18,808 subscribers in Framingham, an increase of 600 customers since 1997.

In Natick, where more than 9,000 households subscribe to MediaOne, the "Total Basic" package of cable channels costs \$31.40, with premium channels like NESN and Showtime adding \$10 to \$12 to monthly bills.

With deregulation in place and increased technology at hand, cable firms and other telecommunications companies are expanding their offerings and trying to bundle different services into a monthly package.

MediaOne, for example, offers high-speed Internet access for about \$40 a month as a supplemental service, and plans to add local telephone service later in the year. Bell Atlantic is also starting to enter the cable and Internet business.

And the most prominent newcomer to MetroWest is Residential Communications Network, which is partially owned by Boston Edison. RCN has won licenses to provide cable, phone and Internet service in several area towns, including Framingham, Hudson, and Waltham, and is interested in Natick, Franklin and Marlborough.

The company, which already competes head-to-head with Time Warner cable in Somerville, expects to charge about \$27 a month for cable, \$40 for Internet access, or a total of \$102 for an array that includes phone service.

"We know we're going to consistently run lower than our competitors in order to draw customers in," said RCN Vice President Tom Steel.

In response, Cablevision is installing fiberoptic cable in the area to offer high-speed modem and video-on-demand services.

"We realize that with competition on the horizon, we want to be able to maintain our market share," said Green, the Cablevision spokesman.

"The short-term boost that we would get from raising rates is not going to be worth it in the long haul."

That market-driven price check is precisely the reason why Framingham opened its market to RCN, according to Jim Diver, the chairman of the Framingham Cable Advisory Committee.

"We think a lot of customer-service issues and price issues will really be driven by competition," Diver said. "Any single cable provider in any town has a monopoly, and I think monopolies build in a certain frustration with consumers."

Level playing fields

Paul Trane, who helped the city of Somerville negotiate its contract with RCN, said the deal had immediate benefits for cable subscribers.

"Soon after the franchise was signed, Time Warner announced they were going to raise rates every-

where in Massachusetts except in Somerville," said Trane, who heads the Telecommunications Insight Group. "It's living proof that competition works."

Marlborough City Councillor Robert Katz said his community was seriously considering granting a license to RCN to bring head-to-head competition with MediaOne.

"We think it might level the playing field to have more than one provider," Katz said. "There was a real fear that (deregulation) would give carte blanche to the current cable provider to raise rates. There's no way to combat that unless you have competition."

Maurice, the retiree in Marlborough, said he would welcome another choice in his community.

"It will probably keep their prices within reason," Maurice said. "If you don't have any competition, you can get what the traffic will bear."

But even competition may have its limits, according to some observers. Oppenheim, the Consumer Law Center lawyer, said there were too few cable providers to really keep prices reasonable.

"Look at airlines. It looks like there is an enormous amount of competition, but on every route, the price is about the same," Oppenheim said. "I think we're being sold a bill of goods that competition is the great panacea for residential price increases."

Meanwhile, Rosalind Niles, a Marlborough lawyer who served for eight years as Massachusetts' commissioner of cable television, said several MetroWest towns inevitably will see rate hikes without such competition.

"There's good news and bad news. I think generally rates are going to go up, unfortunately for consumers, but the good news is that in some Massachusetts communities, I believe rates will not go up because (they) are fortunate to have more than one cable operator," she said.

Rising prices and frustration with cable service has also prompted some subscribers to switch entirely to satellite reception.

"We see (deregulation) as a great opportunity... prices are going to go up for cable," said Rick Paradis, owner of Dave's TV Sales and Service in Ashland. "People are fed up with cable as it is. They are fed up with poor service, and continuously escalating prices."

One such customer, Peter McCol-

lough, opted to abandon cable and installed a small satellite dish when his family moved from Milford into a new house in Southborough.

"We watch a lot of Disney, kids' stuff, and I have an elderly mother-in-law. She likes watching the older movies and game shows," said McCullough. "With cable you get an awful lot of channels that you don't watch."

Saxonville resident Joe Capello long ago scrapped cable for a dish, which allows him to watch his beloved New York Yankees and other sporting events.

"With cable, I could only buy what they offered. With the dish, you can get what you want to buy, and you can buy it at a cheaper price," said Capello, who recently purchased a Major League baseball

package for \$119.

Customers' value

Because each cable company offers different package deals and a variety of channel offerings, direct price comparisons are often difficult. What is not in dispute is the value of existing franchises, as mergers hit the cable industry.

Sullivan, the DTE commissioner, said each subscriber had been valued at \$4,000 apiece in recent mergers within the cable industry, meaning large price hikes could counterproductively drive away intrinsic assets.

"The pressures that the cable companies face on the business side as acquisition targets is going to force them to be more prudent when it comes to consumers," said

Sullivan.

Greater Media Inc., which serves much of Worcester County, including Northborough, Southborough, Upton and Westborough, was recently purchased by Charter Communications Corp. And Comcast Corp. last month announced plans to purchase MediaOne. At the same time, cable companies are increasing their offerings and improving technology, especially in the face of new competition that could lure away valuable subscribers.

What is important, said Niles, is fostering competition within a community, so prices are held in check.

"I would encourage any community who would like to bring in a second operator to initiate the licensing process," Niles said. "You can't lose."

MetroWest rates for standard cable packages

TOWN	OPERATOR	STANDARD CABLE PACKAGE	1999 MONTHLY RATE*	SUBSCRIBERS 1997
Acton	Cablevision	Broadcast Basic and Family Cable	\$30.50	5,118
Ashland	Time Warner	Broadcast Standard Service	\$31.86	4,314
Bellingham	Time Warner	Broadcast Standard Service	\$31.43	4,403
Boxborough	Cablevision	Broadcast Basic and Family Cable	\$26.93	1,094
Concord	Cablevision	Broadcast Basic and Family Cable	\$26.93	4,017
Framingham	Cablevision	Broadcast Basic and Family Cable	\$29.62	18,112
Franklin	Cox	Cox Standard Service	\$32.84	7,698
Holliston	Time Warner	Broadcast Basic and Standard Service	\$32.06	3,733
Hopedale	Time Warner	Broadcast Basic and Standard Service	\$31.13	1,750
Hopkinton	MediaOne	Total Basic	\$25.69	3,356
Hudson	Cablevision	Broadcast Basic and Family Cable	\$30.50	5,582
Marlborough	MediaOne	Total Basic	\$29.55	11,142
Maynard	Cablevision	Broadcast Basic and Family Cable	\$30.50	2,941
Medfield	Time Warner	Broadcast Standard Service	\$31.36	2,961
Medway	Time Warner	Broadcast Standard Service	\$32.09	3,213
Mendon	Time Warner	Broadcast Standard Service	\$31.87	1,311
Milford	MediaOne	Total Basic	\$24.55	8,443
Millis	Cox	Cox Standard Service	\$32.84	2,058
Natick	MediaOne	Total Basic	\$31.40	9,023
Northborough	Greater Media	Satellite, Package 1 and Basic Tier	\$30.70	4,027
Sherborn	MediaOne	Total Basic	\$27.63	953
Southborough	Greater Media	Satellite, Package 1 and Basic Tier	\$30.65	2,223
Stow	Cablevision	Broadcast Basic and Family Cable	\$30.50	1,279
Sudbury	Cablevision	Broadcast Basic and Family Cable	\$30.50	3,643
Upton	Greater Media	Satellite, Package 1 and Basic Tier	\$30.76	1,884
Waltham	MediaOne	Standard Service Package	\$26.20	15,053
Wayland	MediaOne	Total Basic	\$31.16	3,233
Wellesley	MediaOne	Total Basic	\$31.33	6,183
Westborough	Greater Media	Satellite, Package 1 and Basic Tier	\$29.32	5,192
Weston	MediaOne	Total Basic	\$32.16	2,699

Total: 146,638

*Total channels and offerings vary among packages; franchise and some equipment fees not included; does not include cost of premium services such as HBO.

SOURCE: Massachusetts Department of Telecommunications & Energy

CERTIFICATE OF SERVICE

I, Sharon Gantt, hereby certify that on this 6th day of August, 1999, a copy of the foregoing Initial Comments of RCN Corporation was served on the following parties listed below via messenger or, if marked with an asterisk, by first class postage-paid U.S. mail:

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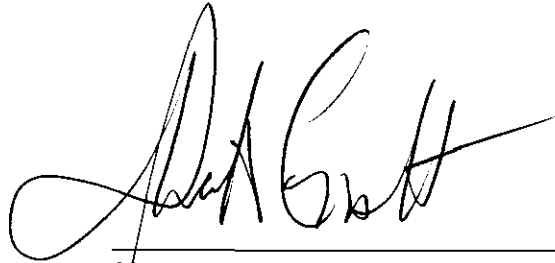
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A handwritten signature in black ink, appearing to read "Sharon A. Gantt", written over a horizontal line.

Sharon A. Gantt